

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2002 EXPENDITURE	FY 2003 APPROPRIATION	FY 2004 REQUEST	GOVERNOR RECOMMENDS FY 2004
Department Administration	\$ 17,364,962	\$ 20,819,296	\$ 20,646,602	\$ 20,580,119
Industrial Commission	823,352	895,870	896,630	895,508
Division of Labor Standards	2,455,030	3,288,026	3,284,226	3,164,013
Governor's Council on Disability	2,232,352	3,939,351	3,939,351	3,814,700
State Board of Mediation	143,085	159,522	159,522	157,746
Commission on Human Rights	1,844,265	2,128,845	2,159,656	1,971,817
Division of Workers' Compensation	61,462,867	51,495,452	77,153,934	77,197,992
Division of Employment Security	33,351,290	46,801,553	46,801,553	46,986,929
DEPARTMENTAL TOTAL	\$ 119,677,203	\$ 129,527,915	\$ 155,041,474	\$ 154,768,824
General Revenue Fund	3,805,756	4,150,741	4,181,552	3,648,054
Federal Funds	50,178,908	67,397,547	67,607,680	67,823,128
Deaf Relay Service and Equipment				
Distribution Program Fund	1,176,934	2,655,014	2,655,014	2,655,540
Tort Victims' Compensation Fund	0	46,267	3,056,556	3,056,556
Workers' Compensation Fund	12,998,612	13,466,526	13,109,025	13,152,656
Second Injury Fund	45,265,662	35,000,000	56,750,000	56,750,000
Crime Victims' Compensation Fund	5,381,104	5,111,251	5,981,078	5,982,321
Child Labor Enforcement Fund	51,492	200,000	200,000	200,000
Special Employment Security Fund	818,735	1,500,569	1,500,569	1,500,569
Full-time equivalent employees	1,119.45	1,309.27	1,306.27	1,287.77

POLICY SUMMARY

The Department of Labor and Industrial Relations provides employees with safe and healthy workplaces to ensure economic security for all Missourians. The department fulfills its mission by promoting equal access to jobs, enforcing anti-discrimination laws, and awarding payment of compensation to those who are unemployed, injured at work, and victims of crime.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant challenge the state has faced since the Depression. The Fiscal Year 2004 budget includes substantial core reductions. However, the budget also recognizes that the state cannot cut its way out of the current fiscal problems without severely reducing essential services provided to Missourians. General revenue budget increases have been limited to mandatory programs. Governor Holden's priorities are protecting the state's investment in education and ensuring that our most vulnerable citizens – children, the elderly, and disabled – are shielded to the greatest extent possible from budget reductions.

Improving Workplace Safety: The Department of Labor and Industrial Relations' safety and health programs benefit Missouri's small business employers and mine operators. By removing or controlling identified safety and health hazards in the workplace, employers can expect savings resulting from fewer lost workdays, improved productivity, increased worker morale, reduced workers' compensation and medical costs, and lower Occupational Safety and Health Administration (OSHA) fines and litigation. The cost savings that result from controlling safety and health hazards reduces workers' compensation premium costs. To continue to promote safe and healthy workplaces, Governor Holden recommends:

- No core reductions to the Division of Labor Standards On-site Consultation Program. This will further guarantee that Missouri employers and employees reap the benefits of safe and healthy workplaces.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

POLICY SUMMARY (Continued)

Some of the performance measures the Department of Labor and Industrial Relations uses to monitor its success in making workplaces safe for Missouri's employers and employees follow:

	2000	2001	2002
Number of job-related accidents, illnesses, and fatalities	163,540	165,698	155,333
Amount of unemployment benefits returned to the economy (millions)	\$318.7	\$414.1	\$644.3
Amount of fines avoided by Missouri businesses (millions)	\$2.4*	\$3.1	\$3.6

**In 2000 OSHA/MSHA (Mine Safety Health Administration) decreased the average dollar fine per hazard*

Improving Financial Security of Missourians: The Department of Labor and Industrial Relations, through the Division of Workers' Compensation, works to ensure that uncompensated tort victims, which are individuals who have won a civil case but did not receive an award, receive benefits. Missouri citizens who have been victims should not bear the financial burden of paying for medical treatment, psychological counseling, funeral services, or lost wages directly related to the tort action. Governor Holden recommends:

- \$3,000,000 to begin payments to uncompensated victims of unpaid court-ordered settlements.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, data processing, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and fraud detection and investigation.

Fiscal Year 2004 Governor's Recommendations

- \$25,582 for pay plan, including \$2,351 general revenue.
- (\$263,999) and (11) staff in core reduction from the Fiscal Year 2003 appropriation level, including (\$92,065) general revenue.
- (\$760) reallocated to the Industrial Commission.

INDUSTRIAL COMMISSION

The three-member Labor and Industrial Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, and victims of crime compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions pursuant to the provisions of the Missouri Administrative Procedure Act. The commission's opinions are subject to review by the judiciary.

Fiscal Year 2004 Governor's Recommendations

- \$1,224 for pay plan, including \$23 general revenue.
- \$760 reallocated from the Administration Division.
- (\$2,346) core reduction from the Fiscal Year 2003 appropriation level.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides training seminars for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work. The division provides on-site safety and health surveys to business and industrial facilities by qualified professional consultants to identify hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these surveys upon employer requests.

Fiscal Year 2004 Governor's Recommendations

- \$8,568 for pay plan, including \$5,938 general revenue.
- (\$128,781) and (three) staff in core reduction from the Fiscal Year 2003 appropriation level.
- (\$3,800) federal funds for one-time expenditures.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

GOVERNOR'S COUNCIL ON DISABILITY

The Governor's Council on Disability encourages statewide interest in the rehabilitation and employment of people with disabilities. The council works in cooperation with the President's Committee on Employment of People with Disabilities and with local committees and chapters to promote job opportunities for disabled persons.

Fiscal Year 2004 Governor's Recommendations

- \$2,448 for pay plan, including \$801 general revenue.
- (\$127,099) core reduction from the Fiscal Year 2003 appropriation level.

STATE BOARD OF MEDIATION

State law authorizes the Board of Mediation to mediate public utility labor disputes so that employers and union employees can settle disputes peacefully without strikes or lockouts. If direct mediation fails to settle a dispute, the board may appoint a public hearing panel to hear the dispute again and prepare a report and recommendations to the parties and the Governor for settlement. The board also has statutory authority to provide a forum where representatives from management and labor in the public sector may meet and where bargaining disputes may be heard impartially and equitably. In addition, public employees are permitted the right to vote for or against unionization through elections. The board is responsible for conducting and certifying the results of each election and for determining the majority representative status of public sector bargaining units.

Fiscal Year 2004 Governor's Recommendations

- \$1,224 for pay plan.
- (\$3,000) core reduction from the Fiscal Year 2003 appropriation level.

MISSOURI COMMISSION ON HUMAN RIGHTS

The Missouri Commission on Human Rights works to ensure fair treatment for all Missourians regardless of their race, color, religion, national origin, ancestry, sex, disability, or age. The commission receives, investigates, and renders findings on complaints of discrimination in housing, employment, and public accommodations. The commission is also responsible for fostering good will among diverse groups through education and outreach.

Fiscal Year 2004 Governor's Recommendations

- \$6,487 for pay plan, including \$3,782 general revenue.
- \$30,811 transferred from the statewide leasing budget.
- (\$194,326) and (4.5) staff in core reduction from the Fiscal Year 2003 appropriation level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

FINANCIAL SUMMARY

	FY 2002 EXPENDITURE	FY 2003 APPROPRIATION	GOVERNOR RECOMMENDS FY 2004
Administration	\$ 9,426,961	\$ 9,780,985	\$ 9,533,525
Second Injury Benefits	45,265,662	35,000,000	56,500,000
Second Injury Fund Refunds	0	0	250,000
Crime Victims' Administration	303,931	414,467	414,467
Crime Victims' Compensation Benefits	6,466,313	6,300,000	7,500,000
Tort Victims Compensation Payments	0	0	3,000,000
DIVISIONAL TOTAL	\$ 61,462,867	\$ 51,495,452	\$ 77,197,992
PERSONAL SERVICE			
Tort Victims' Compensation Fund	0	36,012	41,556
Workers' Compensation Fund	7,682,443	8,131,202	7,940,521
Crime Victims' Compensation Fund	223,006	284,509	285,752
EXPENSE AND EQUIPMENT			
Federal Funds	0	50,000	50,000
Tort Victims' Compensation Fund	0	10,255	15,000
Workers' Compensation Fund	1,660,497	1,501,178	1,432,867
Second Injury Fund	509,388	380,341	393,866
Crime Victims' Compensation Fund	84,208	101,558	101,558
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	1,533,538	1,730,549	2,054,359
Tort Victims' Compensation Fund	0	0	3,000,000
Workers' Compensation Fund	50,000	50,000	50,000
Second Injury Fund	44,756,274	34,619,659	56,356,134
Crime Victims' Compensation Fund	4,963,513	4,600,189	5,476,379
TOTAL	\$ 61,462,867	\$ 51,495,452	\$ 77,197,992
Federal Funds	1,533,538	1,780,549	2,104,359
Tort Victims' Compensation Fund	0	46,267	3,056,556
Workers' Compensation Fund	9,392,940	9,682,380	9,423,388
Second Injury Fund	45,265,662	35,000,000	56,750,000
Crime Victims' Compensation Fund	5,270,727	4,986,256	5,863,689
Full-time equivalent employees	178.35	188.75	185.75

ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal complaints filed under the Workers' Compensation Act. The division adjudicates disputed claims, supervises rehabilitation of seriously injured workers, helps develop safety programs, and investigates and approves applications by employers for self-insurance. The Missouri Worker Safety Program was merged with the Workers' Compensation Administration in Fiscal Year 1995.

Fiscal Year 2004 Governor's Recommendations

- \$44,058 other funds for pay plan.
- (\$153,566) other funds for one-time expenditures.
- (\$137,952) other funds and (three) staff in core reduction from the Fiscal Year 2003 appropriation level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

SECOND INJURY BENEFITS

The second injury fund, as established in Section 287.220, RSMo provides workers' compensation benefits for injured employees who have pre-existing permanent partial disabilities. The fund may also be used to cover expenses of an employee who was injured while working for an uninsured employer, or to compensate workers for lost wages from one job when they are injured while working at a second job.

Fiscal Year 2004 Governor's Recommendations

- \$21,500,000 other funds for increased payments.
- \$250,000 other funds transferred from the Department of Revenue for refunding excess deposits to the second injury fund.

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime, which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

CRIME VICTIMS' COMPENSATION BENEFITS

The crime victims' compensation fund, established in Section 595.045, RSMo provides compensation to individuals who suffer financial loss as the result of a crime. Revenues are provided to the fund from fees assessed by the courts on individuals found guilty of violations of law.

Fiscal Year 2004 Governor's Recommendations

- \$1,200,000 federal and other funds for increased Crime Victims' Compensation payments.

TORT VICTIMS' COMPENSATION BENEFITS

Seventy-four percent of the tort victims' fund, established in Section 537.675, RSMo is to be used for financial assistance to persons who have won a civil case but have not received any benefits.

Fiscal Year 2004 Governor's Recommendations

- \$3,000,000 tort victims' fund for payments to tort victims.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY**

FINANCIAL SUMMARY

	FY 2002 EXPENDITURE	FY 2003 APPROPRIATION	GOVERNOR RECOMMENDS FY 2004
Administration	\$ 27,634,448	\$ 36,420,984	\$ 36,606,360
Special Employment Security Fund	698,735	1,380,569	1,380,569
Employment and Training Payments	5,018,107	9,000,000	9,000,000
DIVISIONAL TOTAL	\$ 33,351,290	\$ 46,801,553	\$ 46,986,929
PERSONAL SERVICE			
Federal Funds	20,968,297	27,797,496	27,982,872
Special Employment Security Fund	0	100,569	100,569
EXPENSE AND EQUIPMENT			
Federal Funds	6,666,151	8,623,488	8,623,488
Special Employment Security Fund	698,735	1,280,000	1,280,000
PROGRAM SPECIFIC DISTRIBUTION			
Federal Funds	5,018,107	9,000,000	9,000,000
TOTAL	\$ 33,351,290	\$ 46,801,553	\$ 46,986,929
Federal Funds	32,652,555	45,420,984	45,606,360
Special Employment Security Fund	698,735	1,380,569	1,380,569
Full-time equivalent employees	649.40	795.28	795.28

ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2004 Governor's Recommendations

- \$185,376 federal funds for pay plan.

SPECIAL EMPLOYMENT SECURITY FUND

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo the Employment Security Law, which includes refunds of overcollected interest and penalties. The fund may also be used to acquire suitable office space for the division. Section 288.129, RSMo provides for federal interest payments on federal fund advances to the unemployment trust fund.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U.S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2004 Governor's Recommendations

Continue funding at the current level.